

**VERNON TOWNSHIP**  
*(Shiawassee)*  
**FINANCIAL STATEMENTS**

**MARCH 31, 2004**

**AUDITING PROCEDURES REPORT**

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Vernon Township	County Shiawassee
Audit Date 3-31-04	Opinion Date 6-03-04	Date Accountant Report Submitted to State: 7-12-04	

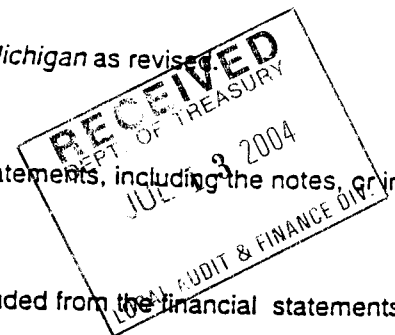
We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.

2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations



You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ yes ☐ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

**We have enclosed the following:**

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) Demis and Wenzlick, P.C.			
Street Address 217 N. Washington, Suite 201		City Owosso	State MI
Accountant Signature 		ZIP 48867	

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# DEMIS and WENZLICK, P.C.

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## INDEPENDENT AUDITOR'S REPORT

Vernon Township Board  
Vernon, Michigan

We have audited the accompanying general-purpose financial statements of Vernon Township, Shiawassee County, Michigan, as of March 31, 2004. These general-purpose financial statements are the responsibility of the Vernon Township management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We have conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Township of Vernon as of March 31, 2004, and the results of its operations for the period then ended in conformity with accounting principles generally accepted in the United States of America.

Our examination was made for the purpose of forming an opinion on the combined general-purpose financial statements taken as a whole and on the combining and individual fund financial statements. The accompanying financial information, listed as supporting schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the combined general-purpose financial statements of Vernon Township. Such information has been subjected to the auditing procedures applied in the financial statements of the combined, combining and individual fund financial statements and, in our opinion, is fairly stated in all material respects in relation to the combined general-purpose financial statements taken as a whole.

Our report of comments and recommendations has been submitted under date of June 3, 2004.

*Dennis and Wengrich, P.C.*

Certified Public Accountants

Owosso, Michigan  
June 3, 2004

VERNON TOWNSHIP  
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS  
MARCH 31, 2004

	<u>Government Fund Types</u>			<u>Fiduciary Fund Type</u>	<u>Account Groups</u>	
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Trust and Agency</u>	<u>General Fixed Assets</u>	<u>General Long Term Debt</u>
Assets:						
Cash	\$ 187,455	\$ 253,175	\$ 270,331	\$ 2,286	\$	\$
Taxes Receivable	10,214	22,504				
Due from Other Funds	265	66				
Fixed Assets					1,156,253	
Amt. to be Provided for General Long Term Debt						125,909
Total Assets	<u>\$ 197,934</u>	<u>\$ 275,745</u>	<u>\$ 270,331</u>	<u>\$ 2,286</u>	<u>\$ 1,156,253</u>	<u>\$ 125,909</u>
Liabilities:						
Accounts Payable	\$ 17,685	\$ 24,070	\$	\$	\$	\$
Due to Other Funds				331		
Due to Other Taxing Ent.				1,955		
Long-Term Debt						125,909
Total Liabilities	\$ 17,685	\$ 24,070	\$ 0	\$ 2,286	\$ 0	\$ 125,909
Fund Equity:						
Investment in General Fixed Assets	\$	\$	\$	\$	\$ 1,156,253	\$
Fund Balance	<u>180,249</u>	<u>251,675</u>	<u>270,331</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Fund Equity	<u>\$ 180,249</u>	<u>\$ 251,675</u>	<u>\$ 270,331</u>	<u>\$ 0</u>	<u>\$ 1,156,253</u>	<u>\$ 0</u>
Total Liabilities & Fund Equity	<u>\$ 197,934</u>	<u>\$ 275,745</u>	<u>\$ 270,331</u>	<u>\$ 2,286</u>	<u>\$ 1,156,253</u>	<u>\$ 125,909</u>

The accompanying notes are an integral  
part of the financial statements.

VERNON TOWNSHIP  
COMBINED STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES  
YEAR ENDED MARCH 31, 2004

	<u>GOVERNMENTAL FUND TYPES</u>		
	<u>GENERAL</u> <u>FUND</u>	<u>SPECIAL</u> <u>REVENUE</u>	<u>CAPITAL</u> <u>PROJECT</u>
REVENUES:			
Taxes	\$106,487	\$113,781	\$
Special Assessments	-0-	142,992	
Fees & Permits	33,909		
Intergovernmental	310,098		
Charges for Serv.	28,916		
Rent & Royalties	16,912		
Miscellaneous	<u>2,587</u>	<u>1,210</u>	<u>2,328</u>
TOTAL REVENUES	\$498,909	\$257,983	\$ 2,328
EXPENDITURES:			
Township Board	\$ 14,943	\$	\$
Supervisor	19,547		
Elections	1,927		
Clerk	15,906		
Board of Review	377		
Treasurer	28,903		
Professional Fees	40,914		
Cemetery	1,640		
Township Hall	13,105		
Assessor	20,028		
Highways & Streets	146,501		
Street Lights	3,831		
Drains at Large	16,805		
Building Inspector	29,238		
Planning Commission	17,132		
Insurance	27,691		
Fire		158,297	
Refuse		<u>146,493</u>	
TOTAL EXPENDITURES	<u>\$398,488</u>	<u>\$304,790</u>	<u>\$ -0-</u>
EXCESS OF REVENUES			
OVER (UNDER)	\$100,421	\$ (46,807)	\$ 2,328

The accompanying notes are an integral  
part of the financial statements.



VERNON TOWNSHIP  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES  
 YEAR ENDED MARCH 31, 2004

	<u>GOVERNMENTAL FUND TYPES</u>		
	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE</u>	<u>CAPITAL PROJECTS</u>
Operating Transfers In	\$ 50,000	\$ 22,514	\$
Operating Transfers Out	<u>(1,014)</u>	<u>          </u>	<u>(71,500)</u>
EXCESS OF REVENUES OVER (UNDER)			
EXPENDITURES AND OTHER USES	\$149,407	\$ (24,293)	\$ (69,172)
 Fund Balance 3-31-03	 <u>30,842</u>	 <u>275,968</u>	 <u>339,503</u>
FUND BALANCE 3-31-04	<u>\$180,249</u>	<u>\$251,675</u>	<u>\$ 270,331</u>

The accompanying notes are an integral  
 part of the financial statements.

VERNON TOWNSHIP  
COMBINED STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE AND COMPARISON OF BUDGET TO ACTUAL  
YEAR ENDED MARCH 31, 2004

	<u>GENERAL FUND</u>			<u>SPECIAL REVENUE FUND TYPES</u>			<u>CAPITAL PROJECT FUND</u>		
REVENUES:	<u>BUDGET</u>	<u>ACTUAL</u>	<u>BUDGET</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>BUDGET</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>BUDGET</u>
Property Taxes	\$ 60,000	\$ 106,487	\$ (46,487)	\$ 135,000	\$ 113,781	\$ 21,219	\$	\$	\$
Special Assessments				125,000	142,992	(17,992)			
Fees & Permits	37,000	33,909	3,091						
Intergovernmental	280,000	310,098	(30,098)			0			
Charges for Services	20,000	28,916	(8,916)			0			
Rents & Royalties	17,000	16,912	88			0			
Interest Earned	3,000	1,960	1,040		1,198	(1,198)	2,500	2,328	172
Miscellaneous	500	627	(127)		12	(12)			
<b>TOTAL REVENUES</b>	<b>\$ 417,500</b>	<b>\$ 498,909</b>	<b>\$ (81,409)</b>	<b>\$ 260,000</b>	<b>\$ 257,983</b>	<b>\$ 2,017</b>	<b>\$ 2,500</b>	<b>\$ 2,328</b>	<b>\$ 172</b>
EXPENDITURES:									
Township Board	\$ 30,000	\$ 14,943	\$ 15,057	\$	\$	\$	\$	\$	\$
Supervisor	18,000	19,547	(1,547)						
Elections	6,000	1,927	4,073						
Clerk	25,000	15,906	9,094						
Board of Review	1,500	377	1,123						
Treasurer	30,000	28,903	1,097						
Professional Fees	40,000	40,914	(914)						
Cemetery	5,000	1,640	3,360						
Township Hall	25,000	13,105	11,895						
Assessor	25,000	20,028	4,972						
Highways & Streets	200,000	146,501	53,499						
Street Lights	5,000	3,831	1,169						
Drains at Large	45,000	16,805	28,195						
Building Inspector	35,000	29,238	5,762						
Planning Commission	35,000	17,132	17,868						
Insurance	30,000	27,691	2,309						
Fire				150,000	158,297	(8,297)			
Refuse				140,000	146,493	(6,493)			
<b>TOTAL EXPENDITURES</b>	<b>\$ 555,500</b>	<b>\$ 398,488</b>	<b>\$ 157,012</b>	<b>\$ 290,000</b>	<b>\$ 304,790</b>	<b>\$ (14,790)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
REVENUES OVER (UNDER) EXPENDITURES	\$ (138,000)	\$ 100,421	\$ (238,421)	\$ (30,000)	\$ (46,807)	\$ 16,807	\$ 2,500	\$ 2,328	\$ 172
OTHER SOURCES (USES) OF FUNDS:									
Operating Transfers In	\$ 50,000	\$ 50,000	\$ 0	\$ 0	\$ 22,514	\$ (22,514)	\$	\$	\$
Operating Transfers Out	0	(1,014)	1,014	0	0	0	(72,000)	(71,500)	(500)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>\$ (88,000)</u>	<u>149,407</u>	<u>\$ (237,407)</u>	<u>\$ (30,000)</u>	<u>(24,293)</u>	<u>\$ (5,707)</u>	<u>\$ (69,500)</u>	<u>(69,172)</u>	<u>\$ (328)</u>
Fund Balance 04/01/03		<u>30,842</u>			<u>275,968</u>			<u>339,503</u>	
Fund Balance 03/31/04		<u>\$ 180,249</u>			<u>\$ 251,675</u>			<u>\$ 270,331</u>	

The accompanying notes are an integral part of the financial statements.

VERNON TOWNSHIP  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
ALL AGENCY FUNDS  
YEAR ENDED MARCH 31, 2004

CURRENT TAX COLLECTION FUND

	<u>BALANCE</u> <u>3-31-03</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>3-31-04</u>
ASSETS:				
Cash	\$ <u>61</u>	\$ <u>2,728,698</u>	\$ <u>2,726,473</u>	\$ <u>2,286</u>
LIABILITIES:				
Due to Other Funds	\$ 61	\$ 375,871	\$ 375,601	\$ 331
Due to Other Taxing Ent.	<u>-0-</u> \$ <u>61</u>	<u>2,352,827</u> \$ <u>2,728,698</u>	<u>2,350,872</u> \$ <u>2,726,473</u>	<u>1,955</u> \$ <u>2,286</u>

The accompanying notes are an integral part of the financial statements.

VERNON TOWNSHIP  
SCHEDULE OF INDEBTEDNESS - FIRE TRUCK LEASE  
MARCH 31, 2004

Vernon Township purchased a fire truck, in the Fire Fund. This purchase was financed as a lease purchase and capitalized with a fair market value of \$198,350 in the March 31, 2003 fiscal year. Following are the terms of repayment, along with the amounts deemed to be interest. The average interest rate is 6.04% per annum.

RENTAL PAYMENT SCHEDULE

The rental payments shall be made for the equipment as follows:

<u>PAYMENT DATE</u>	<u>PAYMENT AMOUNT</u>	<u>INTEREST AMOUNT</u>	<u>PRINCIPAL AMOUNT</u>
10-July-04	\$ 47,138	\$ 7,604	\$ 39,534
10-July-05	47,138	5,216	41,922
10-July-06	<u>47,138</u>	<u>2,685</u>	<u>44,453</u>
	<u>\$141,414</u>	<u>\$15,505</u>	<u>\$125,909</u>

VERNON TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Vernon Township have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below:

A. COMPONENT UNITS

The accompanying financial statements present the Township's primary government and component units over which the Township exercises significant influence. Significant influence was determined on the basis of budget adoption, taxing authority, outstanding debt secured by revenues or general obligation of the Township to finance any deficits that may occur or receipt of significant subsidies from the Township Component Units that do not meet the criteria for blending are reported discretely.

There are no component units that are reported in the Township's Financial Statements.

The Library Board has elected to report its audited financial statements under separate cover.

B. FUND ACCOUNTING

The government uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

VERNON TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED MARCH 31, 2004

B. FUND ACCOUNTING (CONTINUED)

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds are classified into three categories: Governmental, Proprietary and Fiduciary. Each category, in turn, is divided into separate "fund types".

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general fixed assets (capital projects funds), and the servicing of general long-term debt (debt service funds). The general fund is used to account for all activities of the general government not accounted for in some other fund.

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the government. When these assets are held under the terms of a formal trust agreement, either a pension trust fund, a nonexpendable trust fund or an "expendable" trust fund is used. The terms "nonexpendable" and "expendable" refer to whether or not the government is under an obligation to maintain the trust principal. Agency funds generally are used to account for assets that the government holds on behalf of others as their agent.

C. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements on these funds present increases (i.e. revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

VERNON TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED MARCH 31, 2004

C. BASIS OF ACCOUNTING (CONTINUED)

The modified accrual basis of accounting is used by all governmental fund types, expendable trust funds and agency funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers property taxes as available if they are collected within 60 days after year end. A one-year availability period is used for revenue recognition for all other governmental fund liability is incurred.

Those revenues susceptible to accrual are property taxes, franchise taxes, special assessments, licenses, and charges for services. Sales taxes collected and held by the state at year end on behalf of the government also are recognized as revenue. Fines, permits and parking meter revenues are not susceptible to accrual because generally they are not measurable until received in cash.

The government reports deferred revenue on its combined balance sheet. Deferred revenue arise when a potential revenue does not meet the "measurable" and "available" criteria for recognition are received by the government before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

D. BUDGETS

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general, special revenue and debt service funds. All annual appropriations lapse at fiscal year end.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting - under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation - is not utilized in the governmental funds. Encumbrances outstanding at year end are not reported as reservations of fund balances and also do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

VERNON TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED MARCH 31, 2004

E. CASH AND INVESTMENTS

Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government.

State statutes authorize the government to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds and repurchase agreements.

Investments are stated at cost or amortized cost, except for investments in the deferred compensation agency fund which are reported at market value.

F. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due to other funds" on the balance sheet. Short-term interfund loans are classified as "interfund receivables/payables".

G. FIXED ASSETS

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. All purchase fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Public domain ("infrastructure") general fixed assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems are not capitalized, as these assets are immovable and of value only to the government.

Assets in the general fixed assets account group are not depreciated. Depreciation of buildings, equipment and vehicles in the proprietary fund types is computed using the straight line method.



VERNON TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED MARCH 31, 2004

H. COMPENSATED ABSENCES AND POST EMPLOYMENT BENEFITS

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditures and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the general long-term debt account group. No expenditure is reported for those amounts. In accordance with the provisions of Statement of Financial Accounting Standards No. 43, Accounting for Compensated Absences, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

Under the Consolidated Omnibus Budgeting Reconciliation Act (COBRA) certain requirements are outline for health insurance coverage of former employees and eligible dependents. The Township does not have health insurance coverage for its employees, therefore, there are no post-employment health care benefits.

I. COMPARATIVE DATA

Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the government's financial position and operations. However, comparative data have not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand.

J. LONG-TERM OBLIGATIONS

The government reports long-term debt of governmental funds at face value in the general long-term debt account group.

K. ESTIMATES

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets, liabilities, and the reported revenues and expenses.

VERNON TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED MARCH 31, 2004

NOTE 2. LEGAL COMPLIANCE - BUDGETS

Before the beginning of each fiscal year, all agencies of the government submit requests for appropriation so that a budget may be prepared. The budget is prepared by fund, function and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

Before the beginning of each fiscal year, the proposed budget is presented to the board for review. The government's board holds public hearings and may add to, subtract from or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated as available or the revenue estimates must be changed by an affirmative vote of a majority of the board.

Expenditures may not legally exceed budgeted appropriations. The original general fund budget was amended during the year. The final amended budget is included in the financial statements.

NOTE 3. - CASH AND CERTIFICATES OF DEPOSIT

The Township's deposits at March 31, 2004, consisted of cash and certificates of deposit at one financial institution.

<u>INSTITUTION</u>	<u>AMOUNT</u>	<u>FDIC INSURED</u>	<u>UNINSURED</u>
A			
Demand Deposits	\$713,247	\$100,000	\$613,247

NOTE 4. - RETIREMENT

The board approved a money purchase pension plan, effective June 20, 1991. The township contributed \$3,469 to the retirement plan for the year ended March 31, 2004. The township contribution is 6% of annual compensation.

VERNON TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED MARCH 31, 2004

NOTE 5. - EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS

P.A. 621 of 1978, Section 18 (a) as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the Township's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a activity basis. The approved budgets of the township for these budgetary funds were adopted to the activity level.

During the year ended March 31, 2004, the township incurred expenditures in certain budgetary line items which were in excess of the amounts appropriated, as follows:

	<u>BUDGETED</u>	<u>EXPENDED</u>	<u>OVER BUDGET</u>
General Funds:			
Supervisor	\$ 18,000	\$ 19,547	\$1,547
Prof. Fees	40,000	40,914	914
Transfer Out	-0-	1,014	1,014
Fire Fund:			
Expenditures	150,000	158,297	8,297
Refuse Fund:			
Expenditures	140,000	146,493	6,493

NOTE 6. - PROPERTY TAX

Taxes levied on December 1, are payable on February 14. The township bills and collects its own property taxes and also taxes for the county and local school districts. Collections of the county and school taxes and remittances of them are accounted for in the current tax collection fund. Township property taxes are recognized when levied to the extent that they result in current receivables.

VERNON TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED MARCH 31, 2004

NOTE 7. - CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows:

PRIMARY AND COMPONENT GOVERNMENTS

	<u>BALANCE</u> <u>3-31-03</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>3-31-04</u>
Land & Building	\$ 279,370	\$ -0-	\$ -0-	\$ 279,370
Office Equipment	59,611	-0-	-0-	59,611
Library Equipment	9,644	-0-	-0-	9,644
Fire Equipment	<u>800,728</u>	<u>6,900</u>	<u>-0-</u>	<u>807,628</u>
	<u>\$1,149,353</u>	<u>\$ 6,900</u>	<u>\$ -0-</u>	<u>\$1,156,253</u>

NOTE 8. GENERAL LONG-TERM DEBT

The township purchased a fire truck, in the Fire Fund. This purchase was financed as a lease purchase and capitalized, with a fair market value of \$198,350 in the March 31, 2003 fiscal year. Following are the terms of repayment, along with the amounts deemed to be interest. The average interest rate is 6.04% per annum.

RENTAL PAYMENT SCHEDULE

The Rental Payments shall be made for the equipment as follows.

<u>PAYMENT DATE</u>	<u>PAYMENT</u> <u>AMOUNT</u>	<u>INTEREST</u> <u>AMOUNT</u>	<u>PRINCIPAL</u> <u>AMOUNT</u>
10-July-04	\$ 47,138	\$ 7,604	\$ 39,534
10-July-05	47,138	5,216	41,922
10-July-06	<u>47,138</u>	<u>2,685</u>	<u>44,453</u>
	<u>\$141,414</u>	<u>\$15,505</u>	<u>\$125,909</u>

OTHER FINANCIAL INFORMATION

GENERAL FUND

To account for resources traditionally associated with governments which are not required to be accounted for in another fund.

VERNON TOWNSHIP  
GENERAL FUND  
COMPARATIVE BALANCE SHEET  
MARCH 31, 2004 AND 2003

ASSETS

	<u>2004</u>	<u>2003</u>
Cash	\$187,455	\$ 34,464
Taxes Receivable	10,214	9,531
Due from Tax Fund	<u>265</u>	<u>61</u>
	<u>\$197,934</u>	<u>\$ 44,056</u>

LIABILITIES AND FUND BALANCE

Accounts Payable	\$ 17,685	\$ 13,214
Fund Balance	<u>180,249</u>	<u>30,842</u>
	<u>\$197,934</u>	<u>\$ 44,056</u>

The accompanying notes are an integral  
part of the financial statements.

VERNON TOWNSHIP  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
YEAR ENDED MARCH 31, 2004 AND 2003

	<u>2004</u>		<u>2003</u>	
	AMENDED <u>BUDGET</u>	ACTUAL <u>ACTUAL</u>	ACTUAL (OVER) UNDER <u>BUDGET</u>	<u>ACTUAL</u>
Revenues:				
Taxes:				
Current Property				
Taxes	\$	\$ 90,337	\$	\$ 87,084
Mobile Home Taxes		5,476		5,389
Act 425 Taxes		<u>10,674</u>		<u>11,075</u>
TOTAL TAXES	\$ 60,000	\$106,487	\$ (46,487)	\$103,548
Fees & Permits:				
Licenses, Fees &				
Permits	\$	\$ 33,909	\$	\$ 21,599
TOTAL FEES & PERMITS	\$ 37,000	\$ 33,909	\$ 3,091	\$ 21,599
Intergovernmental:				
State of Michigan	\$	\$310,098	\$	\$329,200
TOTAL INTER- GOVERNMENTAL	\$280,000	\$310,098	\$ (30,098)	\$329,200
Revenues:				
Charges for Services:				
Collection Fees	\$. \$	\$ 28,916	\$	\$ 28,690
TOTAL CHARGES FOR SERVICES	\$ 20,000	\$ 28,916	\$ (8,916)	\$ 28,690
Rents & Royalties:				
Hall Rental	\$	\$ 2,380	\$	\$ 2,315
Royalties	<u>          </u>	<u>14,532</u>	<u>          </u>	<u>13,679</u>
TOTAL RENTS & ROYALTIES	\$ 17,000	\$ 16,912	\$ 88	\$ 15,994

The accompanying notes are an integral  
part of the financial statements.



VERNON TOWNSHIP  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE (CONTINUED)  
YEAR ENDED MARCH 31, 2004 AND 2003

	<u>2004</u>		<u>2003</u>
	AMENDED	ACTUAL	ACTUAL
	BUDGET	BUDGET	BUDGET
			(OVER) UNDER
			BUDGET
			ACTUAL
Miscellaneous Receipts:			
DNR Grant	\$	\$ -0-	\$ 3,738
Interest Earned		1,960	561
Dog Fees & Misc.		627	
TOTAL MISCELLANEOUS	\$ <u>3,500</u>	\$ <u>2,587</u>	\$ <u>4,299</u>
TOTAL REVENUES	\$ <u>417,500</u>	\$ <u>498,909</u>	\$ <u>(81,409)</u> <u>\$503,330</u>
Expenditures:			
General Gov't:			
Twp. Board:			
Salaries-Trustees	\$	\$ 3,400	\$ 3,548
Prof. Serv.		2,700	2,670
Retirement		3,469	2,848
FICA		49	1,013
Print. & Publ.		146	451
Public Relations		226	5,242
Water & Sewer Study		2,172	-0-
Dues & Educ.		2,781	2,820
	\$ <u>30,000</u>	\$ <u>14,943</u>	\$ <u>15,057</u> <u>\$ 18,592</u>
Supervisor:			
Salaries	\$	\$ 12,000	\$ 12,000
FICA		174	174
Office Supplies		1,817	923
Tax Roll Prep.		5,556	3,637
Mileage		-0-	30
Education		-0-	528
	\$ <u>18,000</u>	\$ <u>19,547</u>	\$ <u>(1,547)</u> <u>\$ 17,292</u>
Elections:			
Salaries	\$	\$ 912	\$ 2,895
Rep. & Maint.		825	2,564
Print. & Publ.		55	183
Office Supp.		135	240
	\$ <u>6,000</u>	\$ <u>1,927</u>	\$ <u>4,073</u> <u>\$ 5,882</u>

The accompanying notes are an integral part of the financial statements.

VERNON TOWNSHIP  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE (CONTINUED)  
YEAR ENDED MARCH 31, 2004 AND 2003

		<u>2004</u>		<u>2003</u>
	<u>AMENDED</u>		ACTUAL (OVER) UNDER	
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>BUDGET</u>	<u>ACTUAL</u>
Clerk:				
Salaries	\$	\$ 12,000	\$	\$ 12,000
Salary-Deputy		2,043		2,594
FICA		174		174
Office Supplies		1,433		3,065
Dues & Education		85		178
Mileage		171		280
	\$ 25,000	\$ 15,906	\$ 9,094	\$ 18,291
Board of Review:				
Salaries	\$	\$ 350	\$	\$ 550
FICA		27		11
Office Supplies		-0-		38
Education		-0-		304
	\$ 1,500	\$ 377	\$ 1,123	\$ 903
Treasurer:				
Salaries	\$	\$ 18,436	\$	\$ 12,000
Salaries-Deputy		3,330		2,389
FICA		267		174
Office Supplies		1,146		1,084
Tax Statement Prep.		5,114		2,514
Mileage		610		562
Education & Misc.		-0-		158
	\$ 30,000	\$ 28,903	\$ 1,097	\$ 18,881
Professional Fees:				
Attorney Fees	\$ 40,000	\$ 40,914	\$ (914)	\$ 30,669
Cemetery:				
Repairs & Maint.	\$ 5,000	\$ 1,640	\$ 3,360	\$ 1,858

The accompanying notes are an integral  
part of the financial statements.

VERNON TOWNSHIP  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
YEAR ENDED MARCH 31, 2004 AND 2003

		<u>2004</u>		<u>2003</u>
	<u>AMENDED</u> <u>BUDGET</u>	<u>ACTUAL</u>	ACTUAL (OVER) UNDER <u>BUDGET</u>	<u>ACTUAL</u>
Township Hall:				
Wages	\$	\$ 979	\$	\$ 1,389
Repairs & Maint.		4,242		3,776
Utilities		5,224		4,608
Telephone		1,965		1,847
Roof Equipment		-0-		11,380
Office Supplies		695		3,265
	\$ 25,000	\$ 13,105	\$ 11,895	\$ 26,265
Assessor:				
Salary	\$	\$ 20,000	\$	\$ 20,000
Office Supplies		28		248
	\$ 25,000	\$ 20,028	\$ 4,972	\$ 20,248
Highways, Streets & Bridges:				
Roads	\$200,000	\$146,501	\$ 53,499	\$244,148
Lights:				
Public Utilities	\$ 5,000	\$ 3,831	\$ 1,169	\$ 5,170
Drains:				
Drains at Large	\$ 45,000	\$ 16,805	\$ 28,195	\$ 3,541
Building Inspector:				
Salaries	\$ 35,000	\$ 29,238	\$ 5,762	\$ 21,647
Planning Commission:				
Salary	\$	\$ 2,485	\$	\$ 4,020
FICA		135		67
Office Supplies		22		213
Education		-0-		75
Master Use Plan		14,490		25,364
	\$ 35,000	\$ 17,132	\$ 17,868	\$ 29,739
Insurance	30,000	27,691	2,309	24,012
TOTAL EXPENDITURES	\$555,500	\$398,488	\$157,012	\$487,138

The accompanying notes are an integral part of the financial statements.

VERNON TOWNSHIP  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
YEAR ENDED MARCH 31, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
	AMENDED <u>BUDGET</u>	ACTUAL <u>ACTUAL</u>
	ACTUAL (OVER) UNDER <u>BUDGET</u>	<u>ACTUAL</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$(138,000)\$ 100,421	\$(238,421)\$ 16,192
Other Sources (Uses) of Funds:		
Operating Transfers		
In	\$ 50,000 \$ 50,000	\$ -0- \$ -0-
Operating Transfers		
Out	<u>-0-</u> <u>(1,014)</u>	<u>1,014</u> <u>(120,000)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER USES	\$ <u>(88,000)</u> \$ 149,407	\$ <u>(237,407)</u> \$ (103,808)
Fund Balance at Beginning of Year	<u>30,842</u>	<u>134,650</u>
FUND BALANCE AT END OF YEAR	\$ <u>180,249</u>	\$ <u>30,842</u>

The accompanying notes are an integral part of the financial statements.

Special Revenue Funds

Fire Fund

Fire Fund is used to account for the operation of the township fire department. Resources of the funds are provided by a tax levy for fire protection.

Refuse Fund

The Refuse Fund is used to account for the collection of the refuse special assessment and the disbursement of those funds for the collection of the refuse of the township's residents.

VERNON TOWNSHIP  
SPECIAL REVENUE FUND  
COMPARATIVE COMBINING BALANCE SHEET  
MARCH 31, 2004 AND 2003

	<u>2004</u>		<u>2003</u>	
	<u>FIRE</u>	<u>REFUSE</u>	<u>TOTALS</u>	<u>TOTALS</u>
ASSETS:				
Cash	\$ 80,344	\$172,831	\$253,175	\$277,798
Taxes Receivable	9,760	12,744	22,504	21,717
Due from Tax Fund	66	-0-	66	-0-
	<u>\$ 90,170</u>	<u>\$185,575</u>	<u>\$275,745</u>	<u>\$299,515</u>
LIABILITIES AND FUND BALANCE				
Accounts Payable	\$ 11,648	\$ 12,422	\$ 24,070	\$ 23,547
Fund Balance	<u>78,522</u>	<u>173,153</u>	<u>251,675</u>	<u>275,968</u>
	<u>\$ 90,170</u>	<u>\$185,575</u>	<u>\$275,745</u>	<u>\$299,515</u>

The accompanying notes are an integral  
part of the financial statements.

VERNON TOWNSHIP  
SPECIAL REVENUE FUND  
COMPARATIVE COMBINING STATEMENT OF REVENUES  
EXPENDITURES AND CHANGES IN FUND BALANCE  
YEARS ENDED MARCH 31, 2004 AND 2003

	<u>2004</u>		<u>2003</u>	
	<u>FIRE</u>	<u>REFUSE</u>	<u>TOTALS</u>	<u>TOTALS</u>
REVENUES:				
Property Taxes	\$ 113,781	\$ -0-	\$ 113,781	\$109,782
Special Assmt.	-0-	142,992	142,992	142,214
Grants	-0-	-0-	-0-	6,000
Interest	170	1,028	1,198	2,196
Other Income	<u>12</u>	<u>-0-</u>	<u>12</u>	<u>3,254</u>
TOTAL REVENUES	\$ 113,963	\$144,020	\$ 257,983	\$263,446
EXPENDITURES:				
Fire Expenditures	\$ 158,297	\$ -0-	\$ 158,297	\$148,111
Refuse Service	<u>-0-</u>	<u>146,493</u>	<u>146,493</u>	<u>150,838</u>
TOTAL EXPENDITURES	\$ <u>158,297</u>	\$ <u>146,493</u>	\$ <u>304,790</u>	\$ <u>298,949</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (44,334)	\$ (2,473)	\$ (46,807)	\$ (35,503)
Other Sources (Uses) of Funds:				
Operating Transfers In	\$ 22,514	\$ -0-	\$ 22,514	\$ 79,000
Proceeds from Long- Term Debt Fin.				
Operating Transfers Out				
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER SOURCES AND USES OF FUNDS	\$ (21,820)	\$ (2,473)	\$ (24,293)	\$ 43,497
Fund Balance at Beginning of Year	<u>100,342</u>	<u>175,626</u>	<u>275,968</u>	<u>232,471</u>
FUND BALANCE AT END OF YEAR	\$ <u>78,522</u>	\$ <u>173,153</u>	\$ <u>251,675</u>	\$ <u>275,968</u>

The accompanying notes are an integral part of the financial statements.

VERNON TOWNSHIP  
SPECIAL REVENUE FUND  
FIRE FUND  
COMPARATIVE BALANCE SHEET  
MARCH 31, 2004 AND 2003

ASSETS

	<u>2004</u>	<u>2003</u>
Cash	\$ 80,344	\$102,813
Taxes Receivable	9,760	8,973
Due from Tax Fund	<u>66</u>	<u>-0-</u>
	<u>\$ 90,170</u>	<u>\$111,786</u>

LIABILITIES AND FUND BALANCE

Accounts Payable	\$ 11,648	\$ 11,444
Fund Balance	<u>78,522</u>	<u>100,342</u>
	<u>\$ 90,170</u>	<u>\$111,786</u>

The accompanying notes are an integral  
part of the financial statements.



VERNON TOWNSHIP  
SPECIAL REVENUE FUND  
FIRE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
YEAR ENDED MARCH 31, 2004 AND 2003

	<u>2004</u>		<u>2003</u>
		ACTUAL (OVER) UNDER	
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>BUDGET</u> <u>ACTUAL</u>
REVENUES:			
Current Property			
Tax	\$135,000	\$113,781	\$            \$109,782
Grants			6,000
Interest		170	204
Reimbursements		<u>12</u>	<u>3,254</u>
TOTAL REVENUES	\$135,000	\$113,963	\$ 21,037    \$119,240
EXPENDITURES:			
Equipment	\$	\$ 6,900	\$            \$ 26,803
Wages		53,791	41,410
Building Maint.		1,437	960
Office & Misc.		1,643	684
Payroll Taxes		4,061	3,110
Communication		652	286
Radio Parts & Maint.		883	3,312
Truck Equipment Maint.		30,877	12,142
Fuel		1,640	1,596
Insurance		1,666	1,425
Utilities		4,484	4,800
Education & Promotion		4,018	4,224
Dues		682	1,750
Fire Truck-Prin.		37,282	35,159
Fire Truck-Int.		<u>8,281</u>	<u>10,450</u>
TOTAL EXPENDITURES	\$150,000	\$158,297	\$ (8,297)    \$148,111
EXCESS OF REVENUES OVER (UNDER)			
EXPENDITURES	(15,000)	(44,334)	29,334    (28,871)
OTHER SOURCES(USES) OF FUNDS:			
Operating Transfers			
In	\$ -0-	\$ 22,514	(22,514)    79,000
EXCESS OF REVENUES OVER (UNDER) EXPEND. & OTHER USES	\$ (15,000)	\$ (21,820)	\$ 6,820    \$ 50,129
Fund Bal. at Beginning of Year		<u>100,342</u>	<u>50,213</u>
FUND BALANCE AT YEAR END		\$ 78,522	\$100,342

The accompanying notes are an integral  
part of the financial statements.

VERNON TOWNSHIP  
SPECIAL REVENUE FUND  
REFUSE FUND  
BALANCE SHEET  
MARCH 31, 2004 AND 2003

ASSETS

	<u>2004</u>	<u>2003</u>
Cash	\$172,831	\$174,985
Taxes Receivable	<u>12,744</u>	<u>12,744</u>
	<u>\$185,575</u>	<u>\$187,729</u>

LIABILITIES AND FUND BALANCE

Accounts Payable	\$ 12,422	\$ 12,103
Fund Balance	<u>173,153</u>	<u>175,626</u>
	<u>\$185,575</u>	<u>\$187,729</u>

The accompanying notes are an integral  
part of the financial statements.

VERNON TOWNSHIP  
SPECIAL REVENUE FUND  
REFUSE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
YEAR ENDED MARCH 31, 2004 AND 2003

		<u>2004</u>		<u>2003</u>
			ACTUAL (OVER) UNDER	
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>BUDGET</u>	<u>ACTUAL</u>
REVENUES:				
Special Assmt.	\$125,000	\$142,992	\$ (17,992)	\$142,214
Interest		<u>1,028</u>	<u>(1,028)</u>	<u>1,992</u>
TOTAL REVENUES	\$125,000	\$144,020	\$ (19,020)	\$144,206
EXPENDITURES:				
Refuse Collection				
Expense	\$140,000	\$146,493	\$ (6,493)	\$150,838
TOTAL EXPENDITURES	\$140,000	\$146,493	\$ (6,493)	\$150,838
EXCESS OF REVENUES OVER (UNDER)				
EXPENDITURES	\$ <u>(15,000)</u>	\$ (2,473)	\$ <u>(12,527)</u>	\$ (6,632)
Fund Balance at Beginning of Year		<u>175,626</u>		<u>182,258</u>
FUND BALANCE AT END OF YEAR		<u>\$173,153</u>		<u>\$175,626</u>

The accompanying notes are an integral  
part of the financial statements.

CAPITAL PROJECTS FUNDS

REVOLVING AND IMPROVEMENT FUND

Revolving and Improvement fund is used to account for money set aside by the Township Board for future improvements within the Township.

VERNON TOWNSHIP  
REVOLVING AND IMPROVEMENT FUND  
BALANCE SHEET  
MARCH 31, 2004 AND 2003

ASSETS

2004

2003

Cash

\$270,331

\$339,503

FUND BALANCE

Fund Balance

\$270,331

\$339,503

The accompanying notes are an integral  
part of the financial statements.

VERNON TOWNSHIP  
 REVOLVING AND IMPROVEMENT FUND  
 STATEMENT OF CASH REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCE  
 YEAR ENDED MARCH 31, 2004 AND 2003

	<u>BUDGET</u>	<u>2004</u>	ACTUAL OVER UNDER <u>BUDGET</u>	<u>2003</u>
REVENUES:				
Interest Income	\$ <u>2,500</u>	\$ <u>2,328</u>	\$ <u>172</u>	\$ <u>2,890</u>
TOTAL REVENUES	\$ 2,500	\$ 2,328	\$ 172	\$ 2,890
OTHER SOURCES (USES) OF FUNDS:				
Operating Transfers In	\$	\$ -0-	\$	\$120,000
Operating Transfers Out	<u>(72,000)</u>	<u>(71,500)</u>	<u>(500)</u>	<u>(79,000)</u>
	\$ (72,000)	\$ (71,500)	\$ (500)	\$ 41,000
EXCESS OF REVENUES OVER (UNDER)				
EXPENDITURES	\$ <u>(69,500)</u>	(69,172)	\$ <u>(328)</u>	43,890
FUND BALANCE:				
Fund Balance Beginning of Year		<u>339,503</u>		<u>295,613</u>
FUND BALANCE AT END OF YEAR		<u>\$270,331</u>		<u>\$339,503</u>

The accompanying notes are an integral  
 part of the financial statements.

Current Tax Collection Fund

Current Tax Collection Fund is used to receive the Township's current tax and to distribute such monies to the local school districts, county and township general fund.

VERNON TOWNSHIP  
CURRENT TAX COLLECTION FUND  
BALANCE SHEET  
MARCH 31, 2004 AND 2003

ASSETS

	<u>2004</u>	<u>2003</u>
Cash	\$ <u>2,286</u>	\$ <u>61</u>

LIABILITIES

Due to Other Funds	\$ 331	\$ 61
Due to Other Taxing Entities	<u>1,955</u>	<u>61</u>
	\$ <u>2,286</u>	\$ <u>61</u>

The accompanying notes are an integral  
part of the financial statements.



VERNON TOWNSHIP  
CURRENT TAX COLLECTION FUND  
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND BALANCES  
YEARS ENDED MARCH 31, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
CASH RECEIPTS:		
Roll Property Tax Collection For:		
Shiawassee County	\$1,023,296	\$ 972,978
State of Michigan	448,548	502,237
Corunna School District	104,412	102,041
Durand School District	641,972	626,942
Byron School District	1,064	1,084
Vernon Township	82,419	79,901
Fire Fund	103,803	100,648
Refuse Fund	130,032	129,384
Library	42,319	41,005
DVA Ambulance	<u>61,250</u>	<u>61,175</u>
	\$2,639,115	\$2,617,395
Other Receipts:		
IFT	\$ 6,030	\$ 6,543
Excess Taxes Collected	7,786	2,070
Delinquent Taxes	45,521	39,807
Tax Collection Fees	26,439	26,281
Dog Licenses	1,500	1,820
Interest & Penalties	<u>2,307</u>	<u>2,292</u>
	\$ <u>89,583</u>	\$ <u>78,813</u>
TOTAL CASH RECEIPTS	\$2,728,698	\$2,696,208
CASH DISBURSEMENTS:		
Shiawassee County	\$1,025,952	\$ 975,911
State of Michigan	453,399	506,794
Corunna School District	104,564	102,204
Durand School District	642,795	627,658
Byron School District	1,064	1,084
Vernon Township:		
General Fund	120,005	117,653
Fire Fund	112,928	107,004
Refuse Fund	142,668	142,452
Library	46,011	44,591
Other:		
DVA Ambulance	69,300	68,800
Refunds	<u>7,786</u>	<u>2,070</u>
TOTAL CASH DISBURSEMENTS	\$2,726,473	\$2,696,221
EXCESS OF CASH RECEIPTS OVER CASH DISBURSEMENTS	\$ 2,225	\$ (13)
CASH BALANCES:		
Cash Balance at Beginning of Year	<u>61</u>	<u>74</u>
CASH BALANCE AT END OF YEAR	\$ <u>2,286</u>	\$ <u>61</u>

The accompanying notes are an integral part of the financial statements.

GENERAL FIXED ASSETS ACCOUNT GROUP

To account for fixed assets

VERNON TOWNSHIP  
GENERAL FIXED ASSET ACCOUNT GROUP  
BALANCE SHEET  
MARCH 31, 2004 AND 2003

ASSETS

	<u>2004</u>	<u>2003</u>
Building and Land	\$ 279,370	\$ 279,370
Office Equipment	59,611	59,611
Library Equipment	9,644	9,644
Fire Equipment	<u>807,628</u>	<u>800,728</u>
	<u>\$1,156,253</u>	<u>\$1,149,353</u>

FUND BALANCE

Investment in General Fixed Assets	<u>\$1,156,253</u>	<u>\$1,149,353</u>
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The accompanying notes are an integral  
part of the financial statements.

VERNON TOWNSHIP  
FIXED ASSET FUND  
ANALYSIS OF CHANGE IN FUND BALANCE  
MARCH 31, 2004

	<u>BALANCE</u> <u>3-31-03</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>3-31-04</u>
Land and Buildings \$	279,370	\$ -0-	\$ -0-	\$ 279,370
Office Equipment	59,611	-0-	-0-	59,611
Library Equipment	9,644	-0-	-0-	9,644
Fire Equipment	<u>800,728</u>	<u>6,900</u>	<u>-0-</u>	<u>807,628</u>
	<u>\$1,149,353</u>	<u>\$ 6,900</u>	<u>\$ -0-</u>	<u>\$1,156,253</u>

The accompanying notes are an integral  
part of the financial statements.

GENERAL LONG-TERM DEBT

To account for the long-term contract  
payable for the fire truck.

VERNON TOWNSHIP  
GENERAL LONG-TERM DEBT ACCOUNT GROUP  
COMPARATIVE BALANCE SHEET  
MARCH 31, 2004 AND 2003

ASSETS

	<u>2004</u>	<u>2003</u>
Amount to be Provided for the Retirement of Contracts	\$ <u>125,909</u>	\$ <u>163,191</u>

LIABILITIES

Loans Payable	\$ <u>125,909</u>	\$ <u>163,191</u>
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The accompanying notes are an integral  
part of the financial statements.

VERNON TOWNSHIP  
ANALYSIS OF CHANGE IN FUND BALANCE  
GENERAL LONG-TERM DEBT  
MARCH 31, 20043

	BALANCE <u>3-31-03</u>	<u>INCREASES</u>	<u>DECREASES</u>	BALANCE <u>3-31-04</u>
Fire Truck Loan Payable	\$ <u>163,191</u>	\$ <u>-0-</u>	\$ <u>37,282</u>	\$ <u>125,909</u>

The accompanying notes are an integral part of the financial statements.



# DEMIS and WENZLICK, P.C.

Certified Public Accountants

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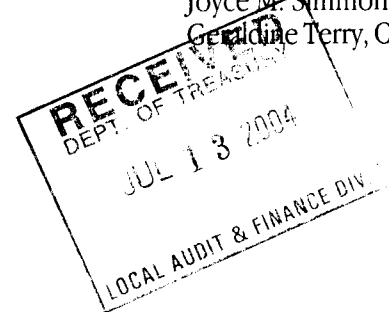
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Geraldine Terry, C.P.A.

June 3, 2004

Vernon Township  
Vernon, Michigan



In compliance with the provisions of Section 11, Paragraph 2, of Act 2, Public Acts of 1968, we wish to render our report of comments and recommendations which were formulated as a result of the examination our firm performed on the financial statements of Vernon Township for the year ended March 31, 2004.

## BUDGET

The state revenue sharing distribution law, P.A. 176, of 1980, includes a compliance requirement in budgeting. It is important under this act that expenditures do not exceed the budget. Expenditures include accounts payable at March 31. Budgeted expenditures cannot exceed budgeted revenues plus the beginning fund balance.

## PAYMENTS FROM INVOICES

We noted a few payments to vendors made from the vendor statement. The primary document for payment should be the vendor invoice.

## GASB 34

The Government Accounting Standard Board issued Statement #34. This statement significantly changes governmental financial reporting, requires reporting of infrastructure, including related depreciation and requires management discussion and analysis of the government's financial condition. The effective date of this statement is March 31, 2005 for Vernon Township.

The State of Michigan has indicated it will not enforce compliance with GASB 34. We will, at a later time, itemize both the advantages and disadvantages of to Vernon Township compliance with this statement.



We would like to thank the staff of the Township and the Township Board for the excellent cooperation we received for this year's audit. Our firm would be most happy to assist you in any way toward implementing the above recommendations, or any other matter the board may wish to review with us.

Very truly yours,

*Dennis and Leaghty, P.C.*

Certified Public Accountants